

**UMKHANDLU WASEKHAYA
IMPENDLE
LOCAL MUNICIPALITY**



2018/19 -2020/21 ANNUAL BUDGET

Prepared in terms of the Local Government: Municipal Management Act
(56/2003): Municipal Budget and Reporting Regulations

31 MAY 2018

**Annual Budget for the Period 01 July 2018 to 30
June 2019**

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1.1 MAYORAL SPEECH

Introduction

Since our election into office in August 2016 our municipality has gone through major challenges both at a political and administrative level. I am proud to say that challenges faced in previous years have been resolved. This is also testament to fact that for the past five years, the municipality has been receiving unqualified audit opinions from the Office of the Auditor General.

Our major goal is to continue with good governance and sound financial management, as this will ensure that we achieve an unqualified audit opinion without any matters of emphasis. This will thus bear that municipality has moved towards the attainment of the objects of local government as enshrined in the constitution.

I am delighted that through hard work and dedication on the part of council members, management, staff and provincial authorities Impendle Local municipality can table the annual budget on time. Notwithstanding, it must be acknowledged that the 2018/19 – 2020/21 budget is tight with current economic situation and the increase of VAT from 14% to 15%, this calls for wise spending and cost containment. Currently we have observed the vulnerability in the markets because of rand versa dollar and the fuel price increases, salary and other increases.

Basic service delivery has been highly dependent on Grant funding for the past years. The municipality is pleased to report that even though municipality's budget is constrained, service delivery is still our priority. The municipality has in the 2017/18 budget put aside an amount of R11.8 million for the construction of roads, this is funded by MIG.

The municipality has continuously embarked on community programmes, which include among others, EPWP, Free Basic Electricity, sports etc.

Public Participation

We have visited all stakeholders even those in remote areas as promised in the previous budget and IDP process during the annual budget process. Already we've had a budget Imbizo where all wards were represented, which was a joint effort with uMgungundlovu district to table a draft budget.

The final approved budget will be advertised widely in the press, the website and on our notice boards. The active involvement of our ward committees in the public participation processes while the IDP visits in 2018/19 was commendable. We have, to further intensify the involvement of ward committees in the budget and IDP processes as this would continue to entrench participatory democracy in our communities.

Operating Budget

The municipality's budget for 2018/19 to 2020/21 is summarised as follows:

2018/19 TO 2020/21 BUDGET SUMMARY			
Budget	2018/19	2019/20	2020/21
	R'000	R'000	R'000
Total Revenue	56 520 663	61 865 701	68 485 580
Total Expenditure Budget	66 897 905	71 128 600	78 302 699

BUDGET SURPLUS/(DEFICIT)	(10 377,242)	(9 262,898)	(9 817,119)
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More details of the both operating, and capital budget are reflected on in the executive summary of the budget document.

The proposed tariff increases for 2018/19 is increased by an average of 6 percent.

2018/19 CAPITAL BUDGET	AMOUNT
TOTAL MIG	11 572 000
TOTAL LIBRARY	190 000
TOTAL OWN REVENUE	502 828
	12 264 828

I would like to take this opportunity and express my gratitude and appreciate to all councillors, staff and ward committees.

I thank you.

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COUNCILLOR. S NDLELA
MAYOR OF IMPENDLE MUNICIPALITY

1.2 RESOLUTIONS

The Council of Impendle Local Municipality met in the Council Chamber on the 31 May 2018 to consider the final budget for the 2017/2019 financial year. The Council approved and adopted the following resolutions:

1. The Council of Impendle local Municipality, acting in terms of section 24 of the Municipal finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. Budgeted financial performance (revenue and expenditure by standard classifications)
 - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type);
 - 1.4. Single year capital appropriations by municipal vote and standard classifications and associated funding by source
 - 1.5. The budget of the municipality for the financial year 2018/2019 and single year capital appropriations as set out in the following tables:
 - 1.6. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.7. Basic service delivery measurement.
 - 1.8. The Council of Impendle Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018:
 - 1.9. The tariffs for property rates; and refuse removal;
 - 1.10. The Council of Impendle Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 tariffs for other services.
 - 1.11. That the salaries, wages and allowances of employees be increased in accordance with the multi-year SALGBC wage agreement with effect from 1 July 2018.
 - 1.12. All budget related policies as listed on paragraph 2.18

3 Executive Summary

The application of sound financial management principles for the compilation of the municipal financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Business and Service Delivery priorities were reviewed as part of this year planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes to maintain sound financial management. A critical review was also undertaken of expenditures on noncore and nice to have" items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers namely a follow up on outstanding government debt, with the assistance of CoGTA and Provincial Treasury. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The following budget principles and guidelines directly informed the compilation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF):

The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 draft budget.

The following table is a consolidated overview of the proposed 2018/19 Medium Term Revenue and Expenditure Framework.

The 2018/19-2020/21 MTERF reflect a total revenue of R56.5 mil to R68.4 mil and the total expenditure budget of R66.8mil to R78.3mil. This reflect an average increase of 10% during the medium term of three years.

Table A1 - Budget Summary

KZN224 Impendle - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	4 045	4 065	4 490	4 878	4 878	4 878	4 878	5 174	5 490	5 820
Service charges	40	45	48	40	73	73	82	(218)	(231)	(245)
Investment revenue	623	1 294	1 411	700	700	700	700	837	883	932
Transfers recognised - operational	34 378	37 481	43 998	36 067	36 067	36 067	36 067	37 582	42 359	48 137
Other own revenue	2 585	3 866	1 517	1 228	1 910	1 910	1 910	1 298	1 353	1 409
Total Revenue (excluding capital transfers and contributions)	41 671	46 750	51 463	42 912	43 628	43 628	43 637	44 674	49 855	56 052
Employee costs	16 359	19 748	21 482	23 508	26 149	26 149	26 149	26 957	27 203	28 655
Remuneration of councillors	1 956	2 106	2 161	2 353	2 407	2 407	2 407	2 553	2 706	2 869
Depreciation & asset impairment	7 413	10 470	6 740	8 587	8 587	8 587	8 587	8 417	9 435	10 459
Finance charges	100	293	256	152	152	152	152	92	27	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	13 036	13 001	3 600	3 200	3 200	3 200	3 300	3 498	3 708
Other expenditure	26 890	15 116	19 007	15 906	14 772	14 772	14 772	13 314	16 305	20 240
Total Expenditure	52 718	60 768	62 647	54 105	55 266	55 266	55 266	54 633	59 175	65 931
Surplus/(Deficit)	(11 047)	(14 018)	(11 184)	(11 193)	(11 638)	(11 638)	(11 629)	(9 959)	(9 319)	(9 878)
Transfers and subsidies - capital (monetary allocations)	16 737	25 168	17 448	17 692	17 692	17 692	17 692	11 572	11 719	12 124
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	5 690	11 150	6 264	6 499	6 054	6 054	6 063	1 613	2 400	2 246
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	5 690	11 150	6 264	6 499	6 054	6 054	6 063	1 613	2 400	2 246
Capital expenditure & funds sources										
Capital expenditure	24 879	17 600	17 448	18 364	17 719	17 719	17 719	12 265	11 954	12 372
Transfers recognised - capital	24 879	17 600	17 448	17 692	17 692	17 692	17 692	11 572	11 719	12 124
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	672	27	27	27	693	235	248
Total sources of capital funds	24 879	17 600	17 448	18 364	17 719	17 719	17 719	12 265	11 954	12 372
Financial position										
Total current assets	6 080	9 073	9 764	5 382	9 382	9 382	9 382	11 112	11 283	11 662
Total non current assets	105 020	115 884	125 554	138 350	138 350	138 350	138 350	148 410	150 884	152 992
Total current liabilities	4 545	4 755	7 891	2 544	2 544	2 544	2 544	1 352	1 000	800
Total non current liabilities	2 862	2 479	1 931	2 004	2 004	2 004	2 004	1 286	697	738
Community wealth/Equity	103 693	117 723	125 496	139 184	143 184	143 184	143 184	156 883	160 470	163 115
Cash flows										
Net cash from (used) operating	22 520	18 385	18 820	18 861	18 830	18 830	18 830	11 691	13 506	14 387
Net cash from (used) investing	(27 922)	(18 430)	(19 098)	(18 364)	(17 719)	(17 719)	(17 719)	(12 265)	(11 954)	(12 372)
Net cash from (used) financing	2 386	(498)	(549)	(603)	(603)	(603)	(603)	(663)	(602)	-
Cash/cash equivalents at the year end	4 644	4 099	3 273	2 293	2 907	2 907	2 907	2 263	3 213	5 228
Cash backing/surplus reconciliation										
Cash and investments available	4 644	4 099	3 273	2 010	2 010	2 010	2 010	3 500	3 750	4 000
Application of cash and investments	(59)	(1 527)	106	(1 901)	(6 684)	(6 684)	(6 673)	(7 003)	(6 569)	(6 800)
Balance - surplus (shortfall)	4 703	5 626	3 167	3 911	8 694	8 694	8 683	10 503	10 319	10 800
Asset management										
Asset register summary (WDV)	105 020	115 884	125 554	137 333	136 688	136 688		148 410	160 199	172 383
Depreciation	7 407	10 470	6 740	8 587	8 587	8 587		8 417	9 435	10 459
Renewal of Existing Assets	-	-	-	-	-	-		-	-	-
Repairs and Maintenance	400	-	-	500	513	513		434	458	483
Free services										
Cost of Free Basic Services provided	-	-	-	9	9	9	3 575	3 575	3 790	4 017
Revenue cost of free services provided	-	-	-	553	553	553	12 978	12 978	13 763	13 726
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipal budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- This table provides an overview of the amounts approved by council for operating performance, resources deployed to Capital Expenditure, Financial Position, Cash and Funding Compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF, due to non-cash items.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating revenue. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains under pressure is a cause for concern.
4. Even though the Municipality is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services delivery to the poor. The section of Free Services shows that the amount spent on Free Basic Services continue to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

IMPENDLE LOCAL MUNICIPALITY - 2018/19 – 2020/21 MTERF

KZN224 Impendle - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		41 581	52 874	33 868	32 250	32 941	32 941	33 564	36 221	38 378
Executive and council		2 531	40 000	7 059	7 869	7 869	7 869	8 162	8 756	9 320
Finance and administration		39 050	12 874	26 810	24 381	25 072	25 072	25 402	27 466	29 059
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		759	553	2 122	7 079	7 079	7 079	1 925	2 025	2 110
Community and social services		698	553	738	932	932	932	1 625	1 709	1 776
Sport and recreation		61	-	1 384	6 147	6 147	6 147	300	317	334
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13 067	18 492	32 872	21 227	21 227	21 227	20 974	23 558	27 933
Planning and development		13 067	18 492	16 460	11 750	11 750	11 750	9 322	11 756	15 720
Road transport		-	-	16 413	9 477	9 477	9 477	11 652	11 803	12 213
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3 000	-	48	48	73	73	57	61	64
Energy sources		3 000	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	48	48	73	73	57	61	64
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	58 408	71 918	68 911	60 604	61 320	61 320	56 521	61 866	68 485
Expenditure - Functional										
<i>Governance and administration</i>		34 216	50 601	41 478	25 389	28 010	28 010	35 452	39 456	45 383
Executive and council		9 063	37 112	10 181	6 505	7 217	7 217	9 403	9 923	10 482
Finance and administration		25 153	13 489	31 297	17 930	19 812	19 812	25 565	29 023	34 363
Internal audit		-	-	-	954	981	981	484	511	539
<i>Community and public safety</i>		2 576	1 669	2 128	7 607	7 607	7 607	658	677	698
Community and social services		2 514	1 669	1 775	1 460	1 460	1 460	395	400	405
Sport and recreation		61	-	318	6 147	6 147	6 147	263	277	293
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	34	-	-	-	-	-	-
<i>Economic and environmental services</i>		15 926	8 498	19 041	21 109	19 649	19 649	18 443	18 956	19 760
Planning and development		15 926	8 498	19 041	9 264	7 804	7 804	6 871	7 238	7 636
Road transport		-	-	-	11 845	11 845	11 845	11 572	11 718	12 124
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	80	84	89
Total Expenditure - Functional	3	52 718	60 768	62 647	54 105	55 266	55 266	54 633	59 175	65 931
Surplus/(Deficit) for the year		5 690	11 150	6 264	6 499	6 054	6 054	1 888	2 691	2 555

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile "whole of government" reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the operational services (e.g. property rates) should exceed their expenditures, but not the Waste management function.

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Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN224 Impendle - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		2 531	40 000	7 059	7 869	7 869	7 869	8 162	8 756	9 320
Vote 2 - Budget and Treasury Office		33 409	9 222	18 443	15 752	16 443	16 443	16 597	18 030	19 022
Vote 3 - Infrastructure and Planning		16 067	18 492	32 920	21 276	21 301	21 301	21 032	23 619	27 997
Vote 4 - Community and Social		6 401	4 205	10 489	15 708	15 708	15 708	10 730	11 461	12 147
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	58 408	71 918	68 911	60 604	61 320	61 320	56 521	61 866	68 485
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		9 063	37 112	10 181	7 459	7 459	7 459	9 483	10 007	10 571
Vote 2 - Budget and Treasury Office		16 009	6 649	22 434	4 975	6 973	6 973	13 767	16 227	20 993
Vote 3 - Infrastructure and Planning		15 926	8 498	19 075	23 478	22 018	22 018	18 443	18 956	19 760
Vote 4 - Community and Social		11 720	8 510	10 957	18 194	18 816	18 816	12 939	13 984	14 607
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	52 718	60 768	62 647	54 105	55 266	55 266	54 633	59 175	65 931
Surplus/(Deficit) for the year	2	5 690	11 150	6 264	6 499	6 054	6 054	1 888	2 691	2 555

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

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1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN224 Impendle - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	4 045	4 065	4 490	4 878	4 878	4 878	4 878	5 174	5 490	5 820
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	40	45	48	40	73	73	82	57	61	64
Service charges - other											
Rental of facilities and equipment		1 061	194	829	671	684	684	684	645	680	717
Interest earned - external investments	623		1 294	1 411	700	700	700	700	837	883	932
Interest earned - outstanding debtors					300	361	361	361	363	367	370
Dividends received						-	-	-			
Fines, penalties and forfeits		6	137	1	1	1	1	1	44	47	50
Licences and permits		32	36	29	51	88	88	88	36	38	40
Agency services		43	46	49	50	50	50	50	53	55	59
Transfers and subsidies		34 378	37 481	43 998	36 067	36 067	36 067	36 067	37 582	42 359	48 137
Other revenue	2	1 444	3 453	608	156	726	726	726	158	167	173
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		41 671	46 750	51 463	42 912	43 628	43 628	43 637	44 949	50 147	56 361
Expenditure By Type											
Employee related costs	2	16 359	19 748	21 482	23 508	26 149	26 149	26 149	26 957	27 203	28 655
Remuneration of councillors		1 956	2 106	2 161	2 353	2 407	2 407	2 407	2 553	2 706	2 869
Debt impairment	3	2 760	168	1 459	3 078	3 078	3 078	3 078	1 552	1 647	1 746
Depreciation & asset impairment	2	7 413	10 470	6 740	8 587	8 587	8 587	8 587	8 417	9 435	10 459
Finance charges		100	293	256	152	152	152	152	92	27	
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		1 177	1 480	2 037	1 332	2 935	2 935	2 935	5 386	5 116	5 265
Transfers and subsidies		-	13 036	13 001	3 600	3 200	3 200	3 200	3 300	3 498	3 708
Other expenditure	4, 5	22 953	13 467	15 511	11 496	8 759	8 759	8 759	6 375	9 542	13 229
Loss on disposal of PPE											
Total Expenditure		52 718	60 768	62 647	54 105	55 266	55 266	55 266	54 633	59 175	65 931
Surplus/(Deficit)		(11 047)	(14 018)	(11 184)	(11 193)	(11 638)	(11 638)	(11 629)	(9 684)	(9 028)	(9 569)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		16 737	25 168	17 448	17 692	17 692	17 692	17 692	11 572	11 719	12 124
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		5 690	11 150	6 264	6 499	6 054	6 054	6 063	1 888	2 691	2 555
Taxation											
Surplus/(Deficit) after taxation		5 690	11 150	6 264	6 499	6 054	6 054	6 063	1 888	2 691	2 555
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		5 690	11 150	6 264	6 499	6 054	6 054	6 063	1 888	2 691	2 555
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		5 690	11 150	6 264	6 499	6 054	6 054	6 063	1 888	2 691	2 555

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue budget for 2018/19 to 2020/21 has increased from R44.9million to R56.3million, of which own revenue represent R7.3million to R8.2 million which is translated to 6 percent increase over the years.
2. Revenue generated from property rates amounted to R5.1 million in the 2018/19 financial year which represents 11.5 percent of the total operating revenue basket of the municipal and therefore remains a significant funding source for the municipality and increases to R5.4 million by 2019/20 and R5.8 Million in 2020/21.
3. Operating grants and transfers including Local Government Equitable Share totals R37.5 million in the 2018/19 financial year and steadily increases to R51.2 million by 2020/21.
4. Grants receipts from National Government are increasing rapidly over the MTREF by an average of 5 percent. The percentage share of this revenue source declines in 2019/120 due to no provision for EPWP grants being allocated.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.

KZN224 Impendle - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Capital Expenditure - Functional											
<i>Governance and administration</i>		620	2 499	-	-	-	-	-	238	235	248
Executive and council		453	2 082						223	235	248
Finance and administration		167	417						15		
Internal audit											
<i>Community and public safety</i>		1 682	702	1 066	5 847	5 847	5 847	5 847	190	-	-
Community and social services		1 682	702						190		
Sport and recreation				1 066	5 847	5 847	5 847	5 847			
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		22 576	14 399	16 382	12 517	11 872	11 872	11 872	11 587	11 719	12 124
Planning and development		16 814	14 399		672	27	27	27	15		
Road transport		5 762		16 382	11 845	11 845	11 845	11 845	11 572	11 719	12 124
Environmental protection											
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Energy sources											
Water management											
Waste water management											
Waste management											
<i>Other</i>									250		
Total Capital Expenditure - Functional	3	24 879	17 600	17 448	18 364	17 719	17 719	17 719	12 265	11 954	12 372
Funded by:											
National Government		24 879	17 600	16 382	11 845	11 845	11 845	11 845	11 572	11 719	12 124
Provincial Government				1 066	5 847	5 847	5 847	5 847	190		
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	24 879	17 600	17 448	17 692	17 692	17 692	17 692	11 762	11 719	12 124
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					672	27	27	27	503	235	248
Total Capital Funding	7	24 879	17 600	17 448	18 364	17 719	17 719	17 719	12 265	11 954	12 372

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national government.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R12.2 million for the 2018/19 financial year and decrease to R11.9 million and increase to R12.3 million for the outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of furniture, equipment and computers. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.

The capital programme is funded from Capital Grants and Transfers, and Internally generated funds. For 2018/19, Capital Transfers amounts to R11.5 million and escalates to R11.7 million by 2019/20 and R12.1 million for 2020/21 in the MTREF. Internal generated funds to cover a shortfall in capital budget will be R503 thousand. The internal generated funds will arise from 2018/19 revenue collections.

Table A6 - Budgeted Financial Position

IMPENDLE LOCAL MUNICIPALITY - 2018/19 – 2020/21 MTERF

KZN224 Impendle - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		429	9		10	10	10	10	3 500	3 750	4 000
Call investment deposits	1	4 215	4 090	3 273	2 000	2 000	2 000	2 000	–	–	–
Consumer debtors	1	114	3 858	4 604	2 922	6 922	6 922	6 922	7 062	7 033	7 062
Other debtors		1 322	1 115	1 887	450	450	450	450	550	500	600
Current portion of long-term receivables											
Inventory	2										
Total current assets		6 080	9 073	9 764	5 382	9 382	9 382	9 382	11 112	11 283	11 662
Non current assets											
Long-term receivables											
Investments											
Investment property		11 000	11 330	11 815	11 600	11 600	11 600	11 600	11 900	11 930	11 950
Investment in Associate											
Property, plant and equipment	3	93 855	104 239	112 691	126 050	126 050	126 050	126 050	135 710	138 229	140 142
Agricultural											
Biological											
Intangible		165	315	1 048	700	700	700	700	800	725	900
Other non-current assets											
Total non current assets		105 020	115 884	125 554	138 350	138 350	138 350	138 350	148 410	150 884	152 992
TOTAL ASSETS		111 100	124 957	135 318	143 732	147 732	147 732	147 732	159 522	162 166	164 653
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	498	549	603	663	663	663	663	602	–	–
Consumer deposits											
Trade and other payables	4	2 099	1 609	4 666	881	881	881	881	–	–	–
Provisions		1 948	2 598	2 622	1 000	1 000	1 000	1 000	750	1 000	800
Total current liabilities		4 545	4 755	7 891	2 544	2 544	2 544	2 544	1 352	1 000	800
Non current liabilities											
Borrowing		2 417	1 868	1 265	1 384	1 384	1 384	1 384	629	–	–
Provisions		446	611	666	620	620	620	620	657	697	738
Total non current liabilities		2 862	2 479	1 931	2 004	2 004	2 004	2 004	1 286	697	738
TOTAL LIABILITIES		7 408	7 234	9 822	4 547	4 547	4 547	4 547	2 638	1 697	1 538
NET ASSETS	5	103 693	117 723	125 496	139 184	143 184	143 184	143 184	156 883	160 470	163 115
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		92 299	103 779	110 043	108 954	112 954	112 954	112 954	140 503	143 106	144 710
Reserves	4	11 394	13 944	15 453	30 230	30 230	30 230	30 230	16 380	17 363	18 405
TOTAL COMMUNITY WEALTH/EQUITY	5	103 693	117 723	125 496	139 184	143 184	143 184	143 184	156 883	160 470	163 115

Explanatory notes to Table A6 - Budgeted Financial Position

1. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
2. Supporting table SA3 providing a detailed analysis of the major components of several items, including: call on investment deposits, Consumer debtors, Property, Plant and Equipment, Trade and Other Payables, Provision for Non-Current and Current Liabilities, Change in net assets and Reserves.
3. The Municipal equivalent of Equity is Community Wealth. The justification is that ownership and the Net Assets of the Municipality belong to the community.
4. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is

IMPENDLE LOCAL MUNICIPALITY - 2018/19 – 2020/21 MTERF

informed directly by forecasting the statement of financial position. The municipality has no intention to borrow in the 2018/19 financial year and will settle to long term ABSA loan in 2019/20 financial year.

KZN224 Impendle - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		4 045	4 065	4 002	1 800	2 861	2 861	2 861	3 622	3 843	4 074
Service charges		40	45	48	40	58	58	58	46	49	52
Other revenue		5 933	919	203	5 052	5 052	5 052	5 052	2 703	2 753	2 803
Government - operating	1	37 666	39 050	44 355	36 067	36 067	36 067	36 067	37 582	42 359	48 137
Government - capital	1	11 736	23 516	17 523	17 692	17 692	17 692	17 692	11 572	11 719	12 124
Interest		625	1 294	1 411	650	700	700	700	830	876	924
Dividends							-	-	-	-	-
Payments											
Suppliers and employees		(37 426)	(50 211)	(48 465)	(38 689)	(40 249)	(40 249)	(40 249)	(41 272)	(44 568)	(50 018)
Finance charges		(100)	(293)	(256)	(152)	(152)	(152)	(152)	(92)	(27)	-
Transfers and Grants	1				(3 600)	(3 200)	(3 200)	(3 200)	(3 300)	(3 498)	(3 708)
NET CASH FROM/(USED) OPERATING ACTIVITIES		22 520	18 385	18 820	18 861	18 830	18 830	18 830	11 691	13 506	14 387
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			113				-	-	-	-	-
Decrease (Increase) in non-current debtors							-	-	-	-	-
Decrease (increase) other non-current receivables							-	-	-	-	-
Decrease (increase) in non-current investments							-	-	-	-	-
Payments											
Capital assets		(27 922)	(18 543)	(19 098)	(18 364)	(17 719)	(17 719)	(17 719)	(12 265)	(11 954)	(12 372)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(27 922)	(18 430)	(19 098)	(18 364)	(17 719)	(17 719)	(17 719)	(12 265)	(11 954)	(12 372)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans							-	-	-	-	-
Borrowing long term/refinancing		2 915					-	-	-	-	-
Increase (decrease) in consumer deposits							-	-	-	-	-
Payments											
Repayment of borrowing		(529)	(498)	(549)	(603)	(603)	(603)	(603)	(663)	(602)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		2 386	(498)	(549)	(603)	(603)	(603)	(603)	(663)	(602)	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	7 660	4 644	4 099	2 400	2 400	2 400	2 400	3 500	2 263	3 213
Cash/cash equivalents at the year end:	2	4 644	4 099	3 273	2 293	2 907	2 907	2 907	2 263	3 213	5 228

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The approved 2018/19 MTREF provide for a slight decrease in cash of R2.2 million, for outer years it increases to R3.2 Million and R5.2 million respectively.
4. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation
KZN224 Impendle - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	4 644	4 099	3 273	2 293	2 907	2 907	2 907	2 263	3 213	5 228
Other current investments > 90 days		(0)	–	(0)	(283)	(897)	(897)	(897)	1 237	537	(1 228)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		4 644	4 099	3 273	2 010	2 010	2 010	2 010	3 500	3 750	4 000
Application of cash and investments											
Unspent conditional transfers		464	381	814	381	381	381	381	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(523)	(1 908)	(708)	(3 282)	(8 065)	(8 065)	(8 054)	(7 753)	(7 569)	(7 600)
Other provisions		–	–	–	1 000	1 000	1 000	1 000	750	1 000	800
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(59)	(1 527)	106	(1 901)	(6 684)	(6 684)	(6 673)	(7 003)	(6 569)	(6 800)
Surplus(shortfall)		4 703	5 626	3 167	3 911	8 694	8 694	8 683	10 503	10 319	10 800

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 draft MTREF was properly funded.

As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table A9 - Asset Management

KZN224 Impendle - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		46 360	52 463	62 196	60 271	60 271	60 271	71 843	83 562	95 686
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure						27	27	27	27	27
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		46 360	52 463	62 196	60 271	60 298	60 298	71 870	83 589	95 713
Community Facilities		30 936	34 376	33 861	58 943	58 943	58 943	58 943	58 943	58 943
Sport and Recreation Facilities					5 847	5 847	5 847	5 847	5 847	5 847
Community Assets		30 936	34 376	33 861	64 790	64 790	64 790	64 790	64 790	64 790
Heritage Assets										
Revenue Generating		11 000	11 330	11 815	11 600	11 600	11 600	11 750	11 820	11 880
Non-revenue Generating										
Investment properties		11 000	11 330	11 815	11 600	11 600	11 600	11 750	11 820	11 880
Operational Buildings		14 102	14 069	14 171						
Housing										
Other Assets		14 102	14 069	14 171						
Biological or Cultivated Assets										
Servitudes										
Licences and Rights		165	315	1 048						
Intangible Assets		165	315	1 048						
Computer Equipment		301	494	429						
Furniture and Office Equipment		700	591	422						
Machinery and Equipment		1 361	1 191	878	672					
Transport Assets		95	1 055	734						
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	105 020	115 884	125 554	137 333	136 688	136 688	148 410	160 199	172 383
EXPENDITURE OTHER ITEMS										
Depreciation	7	7 407	10 470	6 740	8 587	8 587	8 587	8 417	9 435	10 459
Repairs and Maintenance by Asset Class	3	400	-	-	500	513	513	434	458	483
Roads Infrastructure					400	283	283			
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		-	-	-	400	283	283	-	-	-
Community Facilities								84	89	94
Sport and Recreation Facilities										
Community Assets		-	-	-	-	-	-	84	89	94
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating										
Non-revenue Generating										
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		400				130	130	297	314	331
Housing										
Other Assets		400	-	-	-	130	130	297	314	331
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights										
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	100	100	100	53	55	59
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		7 807	10 470	6 740	9 087	9 100	9 100	8 852	9 893	10 942
Renewal and upgrading of Existing Assets as % of total capex		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Renewal and upgrading of Existing Assets as % of deprecn		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M as a % of PPE		0,4%	0,0%	0,0%	0,4%	0,4%	0,4%	0,3%	0,3%	0,3%
Renewal and upgrading and R&M as a % of PPE		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of assets, as well as spending on repairs and maintenance by asset class.
- It also presents the assets register summary.

- The Assets register must reconcile to Budgeted Financial Position written down value
- The budgeted asset was prepared on the basis that assets will increase over the medium term due to capital expenditure less accumulated depreciation for assets.

KZN224 Impendle - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	60	60	60
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	60	60	60
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	60	60	60
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	60	60	60
Total number of households	5	-	-	-	-	-	-	120	120	120
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	5	5	5
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	9	9	9	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	9	9	9	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		36 000	36 000	36 000	36 000	36 000	36 000	36 000	36 000	36 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		50	50	50	50	50	50	50	50	50
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	13 562	14 376	14 376
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	553	553	553	(584)	(613)	(650)
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other	6	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		-	-	-	553	553	553	12 978	13 763	13 726

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- It is estimated that there are 3000 households in Impended Municipal Jurisdiction.
- It is anticipated that Free Basic Services will cost the municipality R3.3 million in 2018/19, increase to R3.4million in 2019/20 and R3.7 million in 2020/21. This is covered by the municipality's equitable share allocation from national government.

4. Free basis service relates to subsidy to electricity charge for households, payable to Eskom.
5. The Municipality encourages community who qualify for indigency to register with the municipality to benefit from other services.

PART2- SUPPORTING DOCUMENTATION

2.1. Overview of Annual Budget Process

- a) Council adopted budget process plan in August 2017.
- b) The Mayor established a Budget Steering Committee in terms of section 4 chapter 2 of Government Gazette No. 31804
- c) Management and Mayor met to compile this draft annual budget in February and March 2018 on numerous occasions.
- d) Expenditure items were budgeted according to item and vote planning per department and mSCOA.
- e) DORA allocations from both National and Provincial Treasuries were used to determine the 2018/19 annual allocations to Impendle LM for the annual budget.
- f) Finance Portfolio Committee and MPAC meetings to deliberate on the Draft Budget were held on the 22nd May 2018.
- g) Council approved the draft annual budget on the 27th March 2018.
- h) The IDP/Budget roadshows were conducted with uMgungundlovu district in April/May 2017 where all wards were present.
- i) Comments and inputs from all stakeholder were considered as previously done per the approved Process Plan before the tabling of the final budget in May 2018.

2.2. Overview of budget assumption.

The budget is prepared on the going concern basis which assume that this municipality will continue to provide services for the foreseeable future. Historical information and result play an important role in drafting the budget.

2.3 Overview of Budget Funding

1.2.1. In accordance with the provisions of Section 18(1) of the MFMA, an annual budget may be funded only from:

- a. Realistically anticipated revenues to be collected;
- b. Cash-backed accumulated funds from previous years' surpluses not committed for other purposes;
- c. Borrowed funds, but only for capital projects.

1.2.2 Realistically anticipated revenues to be received from national or provincial government, national or public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds, as provided by Regulation 10 (2) of the Municipal Budget and Reporting Regulations

2.4. Expenditure on allocation and grant programmes

KZN224 Impendle - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		35 085	38 829	42 541	34 835	34 835	34 835	35 709	40 388	46 063
Local Government Equitable Share		28 057	28 844	31 349	31 475	31 475	31 475	32 649	35 023	37 278
Finance Management		1 800	1 800	1 825	1 900	1 900	1 900	1 900	2 365	2 385
EPWP Incentive		1 294	1 255	1 443	1 460	1 460	1 460	1 160		
Municipal Systems Improvement		934	930							
Integrated National Electrification Programme		3 000	6 000	7 924					3 000	6 400
Other transfers/grants [insert description]										
Provincial Government:		661	723	1 056	1 232	1 232	1 232	1 873	1 971	2 074
Sport and Recreation				318	300	300	300			
CyberCadet			170	179	188	188	188	197	211	226
Library Provincialisation		661	553	559	744	744	744	1 676	1 760	1 848
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		35 746	39 552	43 598	36 067	36 067	36 067	37 582	42 359	48 137
Capital expenditure of Transfers and Grants										
National Government:		11 736	17 063	16 382	11 845	11 845	11 845	11 572	11 719	12 124
Municipal Infrastructure Grant (MIG)		11 736	17 063	16 382	11 845	11 845	11 845	11 572	11 719	12 124
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	1 066	5 847	5 847	5 847	-	-	-
Sports: Facilities				1 066	5 847	5 847	5 847			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		11 736	17 063	17 448	17 692	17 692	17 692	11 572	11 719	12 124
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		47 482	56 615	61 045	53 759	53 759	53 759	49 154	54 078	60 261

2.5. Allocations and grants made by the Municipality

The municipality only made grant of free basic electricity to group of individuals registered as indigent in terms of the policy. That indigent register with beneficiaries is compiled by the municipality and shared with ESKOM.

2.6. Councillors and board members allowances and employee benefits

IMPENDLE LOCAL MUNICIPALITY - 2018/19 – 2020/21 MTERF

KZN224 Impendle - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	1 081	1 164	1 195	1 301	1 257	1 257	1 345	1 426	1 512
Pension and UIF Contributions		270	291	299	325	314	314	336	357	378
Medical Aid Contributions										
Motor Vehicle Allowance		451	485	498	542	524	524	561	594	630
Cellphone Allowance		133	143	147	160	285	285	286	303	321
Housing Allowances										
Other benefits and allowances		21	23	23	25	25	25	25	27	28
Sub Total - Councillors		1 956	2 106	2 161	2 353	2 406	2 406	2 553	2 706	2 869
% increase	4		7,7%	2,6%	8,9%	2,3%	-	6,1%	6,0%	6,0%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	2 157		2 406	3 447	3 384	3 384	2 601	2 744	2 895
Pension and UIF Contributions		-		76	7	7	7	7	8	8
Medical Aid Contributions		-						66	66	66
Overtime		-								
Performance Bonus		-								
Motor Vehicle Allowance	3	454		527	383	383	383	586	618	652
Cellphone Allowance	3	-			10	10	10	53	53	53
Housing Allowances	3	-								
Other benefits and allowances	3	24			183	191	191	168	177	186
Payments in lieu of leave		-								
Long service awards		-								
Post-retirement benefit obligations	6	-								
Sub Total - Senior Managers of Municipality		2 635	-	3 009	4 030	3 976	3 976	3 480	3 665	3 859
% increase	4		(100,0%)	-	33,9%	(1,4%)	-	(12,5%)	5,3%	5,3%
Other Municipal Staff										
Basic Salaries and Wages		9 001	19 748	13 491	14 027	16 724	16 724	17 720	17 683	18 618
Pension and UIF Contributions		1 257		2 097	1 993	1 993	1 993	2 350	2 479	2 615
Medical Aid Contributions		598		902	848	848	848	899	948	1 000
Overtime		94		187	108	108	108	125	132	139
Performance Bonus		705		1 058	1 158	1 158	1 158	1 313	1 386	1 462
Motor Vehicle Allowance	3				613	613	613	685	506	534
Cellphone Allowance	3	12		10	17	17	17	12	13	13
Housing Allowances	3	29		73	71	71	71	67	71	74
Other benefits and allowances	3	144		276	642	642	642	305	322	340
Payments in lieu of leave		1 008		286						
Long service awards		323		94						
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		13 170	19 748	18 473	19 478	22 175	22 175	23 476	23 539	24 796
% increase	4		49,9%	(6,5%)	5,4%	13,8%	-	5,9%	0,3%	5,3%
Total Parent Municipality		17 761	21 854	23 642	25 861	28 556	28 556	29 509	29 910	31 524
			23,0%	8,2%	9,4%	10,4%	-	3,3%	1,4%	5,4%
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		17 761	21 854	23 642	25 861	28 556	28 556	29 509	29 910	31 524
% increase	4		23,0%	8,2%	9,4%	10,4%	-	3,3%	1,4%	5,4%
TOTAL MANAGERS AND STAFF	5,7	15 805	19 748	21 482	23 508	26 150	26 150	26 956	27 203	28 655

2.7 Monthly targets for revenue, Expenditure and Cash flows

The following table is a consolidated overview of the proposed 2018/19 – 2020/201 Medium Term Revenue and Expenditure Framework.

Table2.7.1 Consolidated Overview of the 2016/17 MTREF

2018/19 TO 2020/21 BUDGET SUMMARY			
Budget	2018/19	2019/20	2020/21
	R'000	R'000	R'000
Operating Revenue -Internal	7 366 663	7 787 701	8 224 580
Operating Transfers	37 582 000	42 359 000	48 137 000
Capital Transfers	11 572 000	11 719 000	12 124 000
Total Revenue	56 520 663	61 865 701	68 485 580
Total Operating Expenditure	54 633 077	59 174 517	65 930 685
Other Capital Expenditure	692 828	235 083	248 014
Capital expenditure - MIG	11 572 000	11 719 000	12 124 000
Total Expenditure Budget	66 897 905	71 128 600	78 302 699
BUDGET SURPLUS/(DEFICIT)	(10 377,242)	(9 262,898)	(9 817,119)

Total Operating Revenue has increased by 3 percent or R1.3 million for the 2018/19 financial year when compared to the 2017/18 adjustment budget. For the two outer years, operational revenue will increase by 12 percent or R5.91million and 12 percent or R6.2 million respectively, equating to a total revenue growth of R12.7 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year have been appropriated at R54.6 million and result in a budgeted deficit of R9.8 million. When compared to the 2017/18 adjustment budget, operational expenditure have decreased by 1 percent in 2016/17 and the outer years increased by 8 percent and 11 percent respectively. The operating deficit for the two outer years decreased to R 9.0 million and increased to R9.5 million respectively.

The capital expenditure in 2018/19 financial year has decreased by 31 percent or R5.4 million when compared to the 2017/18 adjustment budget. Capital expenditure reflect a decrease of R311 thousands in 2018/19 and an increase of R418 thousand in 2020/21 financial years. The other portion of the capital expenditure will be funded internally. The municipality is at this stage not intending to borrow to fund capital projects.

2.8. Operating Revenue Framework

Impendle local Municipality will continue to improve the quality of services that its provided to its citizens, therefore it need to generate much needed revenue. A strong revenue management is fundamental to the financial sustainability of each

municipality. The reality is that residents are faced with high unemployment and poverty within Impendle jurisdiction hence the greater part of Impendle is rural communal land. Given the above mention drawback, it is hard for the municipality to generate its own revenue without being grant dependent. The expenditure required to address these challenges will inevitable exceed available funding (resource constraint) hence difficult choices have to be made to balance expenditure against realistic anticipated revenue. It is for this reason that the municipality has budgeted for deficit, which is largely due to non cash items: Depreciation and Provision for Bad Debts.

The municipality revenue strategy is built around the key components:

- National Treasury guidelines and macroeconomics;
- The Municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) as amended;
- Free Basic Services on Electricity on designated households
- The municipality's indigent policy; and
- Tariff policy of the municipality.
- Debt Management and Credit Control Policy

The following table is the summary of the 2018/19 MTREF

Table 2.8.1 summary of revenue classified by main revenue sources

OPERATING REVENUE

Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Revenue By Source						
Property rates	5 174	11,5%	5 490	11%	5 820	10%
Service charges - refuse revenue	57	0,1%	61	0%	64	0%
Rental of facilities and equipment	645	1,4%	680	1%	717	1%
Interest earned - external investments	837	1,9%	883	2%	932	2%
Interest earned - outstanding debtors	363	0,8%	367	1%	370	1%
Fines, penalties and forfeits	44	0,1%	47	0%	50	0%
Licences and permits	36	0,1%	38	0%	40	0%
Agency services	106	0,2%	111	0%	115	0%
Transfers and subsidies	37 582	83,6%	42 359	84%	48 137	85%
Other revenue	105	0,2%	111	0%	117	0%
Total Revenue (excluding capital)	44 949	100%	50 147	100%	56 362	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as the inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The main revenue that Impendle Municipality has generated comes from Operating Grants. Operating grants constitute a 83 percent of the total revenue in 2018/19 financial year and for the outer years 84 and 85 percent respectively. Operating Grants comprises of Equitable Share, Municipal Finance Management Grant, Provincialization of Libraries, Library-Cadet, and Expanded Public Works Program.

Revenue generated from **Property Rates** is the second highest revenue source for revenue basket of the Municipality. Although there is a slight increase over the MTREF; it is still the highest out of the total internal generated funds. When compared to the adjustment budget, it 6 percent of the total operating revenue and has increase by 6 percent in the 2018/19 financial year and 6 percent in other outer years respectively. This increase is due to a 6% increase made on property rates tariffs. The municipality will strengthen its collection strategy which will result in reduction of debt and improve cash-flow, by working close with CoGTA team that assist with debt management. This include consistent follow up on outstanding debt by revenue section and weekly debt management meetings to strategies on collection.

Revenue from **Refuse removal** represent 1 percent of the total operating budget. This budget reflect an decrease by 30 percent in the 2018/19 when compared to the adjustment budget; for the outer years it will increase by 7 percent respectively.

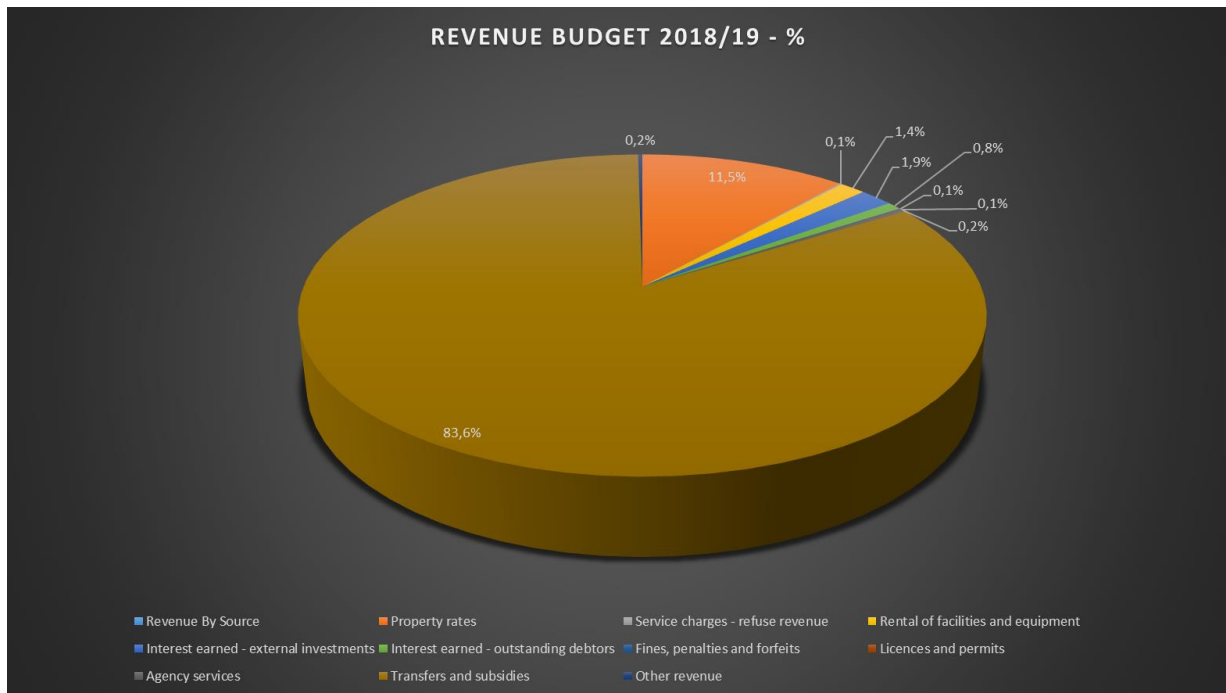
Rental of facilities and Equipment reflect an decrease of 5 percent in the 2018/19 financial year when compared to the adjustment budget. For outer years it will increase by 5 percent respectively. The slight increase is due to anticipated demand of community facilities such as hall hire.

Interest Earned-External Investment budget reflect an increase of 20 percent in the 2018/19 financial year and the outer years to increase by 5.5 percent respectively. The projected investment is estimated at R30 million in the 2018/19 financial year.

Interest Earned-Outstanding Debtors represent 4 percent of total revenue and the budget has increased by 1 percent in the 2018/19 financial year when compared to the 2017/18 adjustment budget and 1 percent in the outer years respectively.

Fines, Licence and Permits, and Agency Services will increase by 5 percent in the 2018/19 financial year.

Other Revenue budget has decreased in the 2018/19 financial year when compared to the adjustment budget and it will increase by an average of 5 percent for outer years. Included in Other Revenue are burial fees, rate clearance certificate, sale of bid documents and photocopies and advertising charges.



2.9. Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance.

The following stipulations in the Property Rates Policy are highlighted:

- The first R36 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA and the Impendle Municipal Property Rate Policy as approved by the council.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The Phasing out of the Public Service Infrastructure (PSI) for five years.

Table 2.9.1 Comparison of the proposed rates to be levied for the 2016/17 financial year.

Tariffs for 2018/2019 - 2020/21

New Property Rates Computation Compiled Accounting for Amendments to MPRA as legislated

Description	Unit(s)	Final 2017/18	6% Proposed 2018/19	6% Proposed 2019/20	6% Proposed 2020/21	
Rates Clearance Certificate	each	146,41	161,05	170,71	180,96	
Graveyard	site	82,36	82,36	87,30	92,54	
Refuse Removal						
State	State	2 189,90	2 321,29	2 460,57	2 608,20	
Residential	Residential	559,07	592,62	628,18	665,87	
Commercial	Commercial	2 178,99	2 309,73	2 448,31	2 595,21	
Hall Hire						
Thusong Conference Hire	hour	198,17	217,98	231,06	244,92	
Hall Hire - Community	hour	136,91	145,12	153,83	163,06	
Hall Hire - SASSA (Pension payouts)	monthly	676,15	743,76	788,39	835,69	
Other						
Library - copies	A4 page	1,00	1,00	1,06	1,12	-
Library - printing	A4 page	2,50	2,50	2,65	2,81	-
Library - faxing (local 033 code)	Page	5,00	5,00	5,30	5,62	-
Library - faxing (outside 033 code)	Page	6,50	6,50	6,89	7,30	-
Library - faxing (emails 086)	Page	6,50	6,50	6,89	7,30	-
Tender Fees	Document	371,00	393,26	416,86	441,87	-
Billboards	quarterly	337,08	337,08	357,30	378,74	-
Advertising - News Letter	6cm x 8cm space	-	75,00	79,50	84,27	New
Advertising - News Letter	6cm x 17cm space	-	150,00	159,00	168,54	New
Advertising - News Letter	12cm x 17cm space	-	250,00	265,00	280,90	New
Advertising - News Letter	17cm x 25cm space	-	350,00	371,00	393,26	New
Rental of Facilities						
Facility Rental - Lot 52	monthly	864,68	916,56	971,55	1 029,84	
Facility Rental - Stalls - Small	monthly	140,18	148,59	157,51	166,96	
Facility Rental - Stalls - Medium	monthly	154,20	163,45	173,26	183,66	
Facility Rental - Stalls - Large	monthly	196,26	208,03	220,51	233,74	
Facility Rental - Stalls - FNB ATM	monthly	4 752,15	5 037,28	5 339,52	5 659,89	
Facility Rental - Stalls - ABSA ATM	monthly	4 752,15	5 037,28	5 339,52	5 659,89	
Facility Rental - Stalls - Standard ATM	monthly	4 752,15	5 037,28	5 339,52	5 659,89	
Facility Rental - Thusong Services	square metre	128,84	141,72	150,23	159,24	
Facility Rental - Thusong Services - IEC	square metre	65,00	65,00	68,90	73,03	
Facility Rental - Thusong Services - Home	square metre	148,85	163,73	173,55	183,97	
Facility Rental - Thusong Services - Educa	square metre	128,84	141,72	150,23	159,24	
Facility Rental - Thusong Services - UMDI	square metre	128,84	141,72	150,23	159,24	
Facility Rental - Thusong Services - ICESA	square metre	-	-	-	-	
Facility Rental - Thusong Services - Rural	square metre	128,84	141,72	150,23	159,24	
Facility Rental - Thusong Services - Ithala	monthly	4 752,15	5 037,28	5 339,52	5 659,89	
Facility Rental - TLB Hire	hour	749,91	794,91	842,60	893,16	
Facility Rental - Tractor Hire	hour	187,35	198,59	210,50	223,13	
Facility Rental - Social Development - Ha	square metre	56,37	62,00	65,72	69,67	
Taxi Permits	annual	586,93	622,15	659,48	699,05	
Property Rates						
Rates - Residential	Cents in rand	0,011273	0,011949	0,012666	0,013426	
Rates - Farmland		0,002818	0,002988	0,003167	0,003357	
Rates - Small Holdings		0,002818	0,002988	0,003167	0,003357	
Rates - Industrial		0,011273	0,011949	0,012666	0,013426	
Rates - Commercial		0,011273	0,011949	0,012666	0,013426	
Rates - Multipurpose		0,011273	0,011949	0,012666	0,013426	
Rates - State		0,011273	0,011949	0,012666	0,013426	
Rates - Public Service Infrastructure		0,002818	0,002988	0,003167	0,003357	
Rates - Communal (ITB)		0,000113	0,000120	0,000127	0,000135	
Building Plan Fees						
Minor Works		-	R62	R66	R70	New
New buildings, Erection or Additions	(a) For First 20m	-	R105	R111	R118	New
New buildings, Erection or Additions	(b) For 21m-50m	-	R175	R186	R197	New
New buildings, Erection or Additions	(c) For 51m-90m	-	R259	R275	R291	New
New buildings, Erection or Additions	(d) For 91m and above	-	R117	R124	R131	New
New buildings, Erection or Additions	(f) Swimming Pool	-	R237	R251	R266	New
New buildings, Erection or Additions	(d) Drainage charge	-	R237	R251	R266	New
New buildings, Erection or Additions	(h) Petrol, Diesel and Gas.	-	R248	R263	R279	New
New buildings, Erection or Additions	(i) Temporal Buildings	-	R171	R181	R192	New
New buildings, Erection or Additions	(j) Pre-cast Concrete Boundary walls not adjacent to the round boundary but not exceeding	-	R160	R170	R180	New
New buildings, Erection or Additions	(k) Pre-cast Concrete Boundary walls 1/2 of the value of the.	-	R117	R124	R131	New
New buildings, Erection or Additions	(i) Hoarding fees :Deposit per frontage of 10M2 or part thereof	-	R2 210	R2 343	R2 483	New
Balconies 75% enclosed and attached to business premises and not used or thereof for businesses purposes.	Per 10m2	-	R180	R191	R202	New
Balconies used for licenced business purpose	Per 10m2	-	R787	R834	R884	New
Verandas	PA	-	R76	R81	R85	New
Servitudes and Reserves	PA / 10m or part thereof	-	R122	R129	R137	New

2.10. Operating Expenditure Framework

The Municipal expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

Table 2.10.1 Summary of operating expenditure by standard classification item

OPERATING EXPENDITURE

Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
<u>Operating Expenditure By Type</u>						
Employee related costs	26 957	49,3%	27 203	46%	28 655	43%
Remuneration of councillors	2 553	4,7%	2 706	5%	2 869	4%
Debt impairment	1 552	2,8%	1 647	3%	1 746	3%
Depreciation & asset impairment	8 417	15,4%	9 435	16%	10 459	16%
Finance charges	92	0,2%	27	0%	–	0%
Contracted services	5 386	9,9%	5 116	9%	5 265	8%
Transfers and subsidies	3 300	6,0%	3 498	6%	3 708	6%
Other expenditure	6 375	11,7%	9 542	16%	13 229	20%
Total Expenditure	54 633	100%	59 175	100%	65 931	100%

Employee Related Costs for the 2018/19 financial year represent 49 percent of total operating expenditure and has increased by 3 percent totalling to R26.9 million when compared to the 2017/18 adjustment budget. The increase in Employee related costs relate to annual salary increase. In addition expenditure against senior managers was decreased since they have entered into new 5 year contracts. Employee related costs for outer years, were increased by 5 percent respectively.

The Remuneration of Councillors budget is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Remunerations of Councillors budget has increase by 6 percent in the 2018 financial year. 2019/20 and 2020/21 budget reflect an increase of 5.5 percent.

The provision of Debt Impairment Debt Impairment has decrease by 50 percent when compared to the adjustment budget and for the outer years increase by 6 percent respectively. While this expenditure is considered to be a non-cash flow

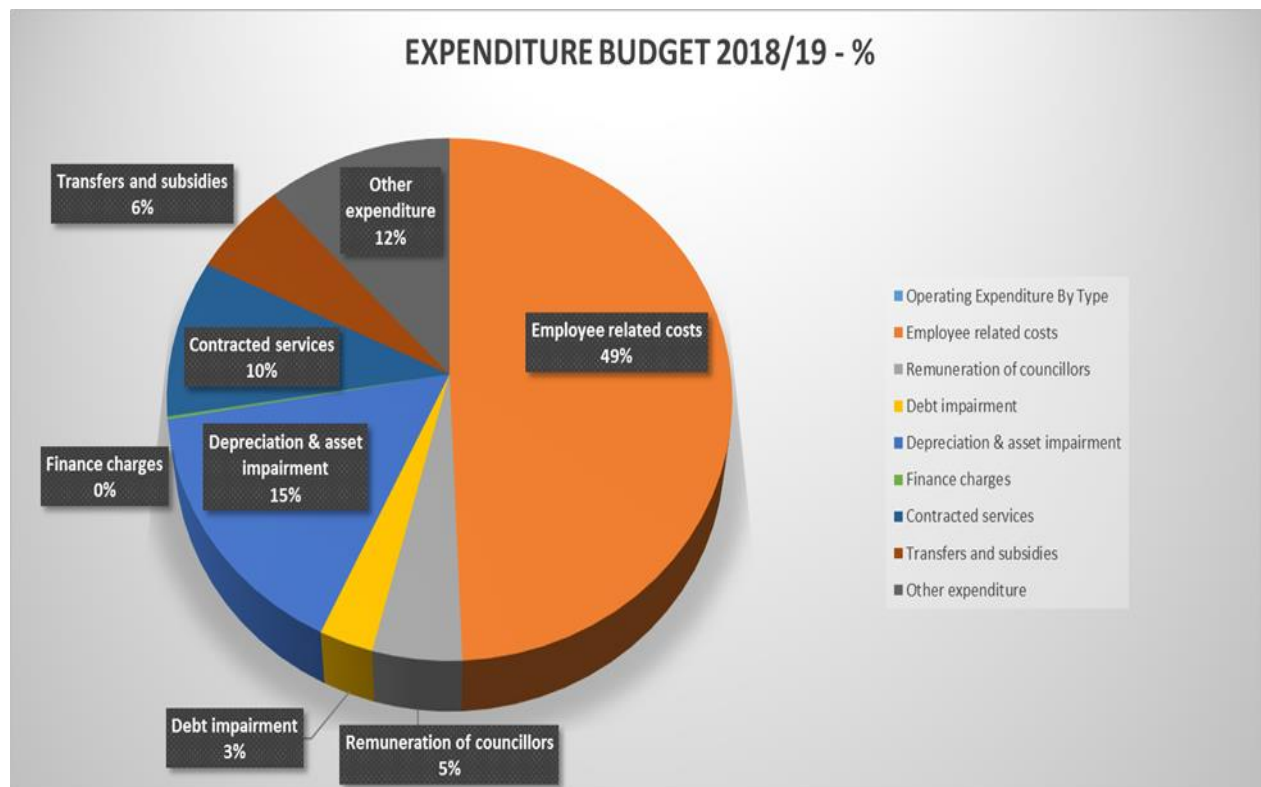
item, it informed the total cost associated with rendering services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for Depreciation and Asset Impairment has been informed by the Municipality's Asset Management Policy. Budget appropriations in this regard total R8.4 million for the 2018/19 financial year represent 15.4 percent of total operating expenditure, this has decreased by 2 percent when compared to the adjustment budget. For the outer years Depreciation and Asset Impairment budget has increase by an average of 11 percent respectively.

Finance charges have decrease by 40 percent in the 2018/19 budget year when compared to the 2017/18 adjustment budget. The decrease is as a result of full a reduction of loan amount. For the 2019/20 financial year, finance charge will decrease by 71 percent due to loan settlement.

Contracted Services budget has increased by 85 percent in the 2018/19 financial year as compared to the 2017/18 adjustment budget. Contracted services comprise of Vodacom, Nashua, repairs and maintenance and any other related expenses as prescribed on MSCOA. Budget on Contracted Services for 2019/20 and 2020/21 will increase by 3 percent respectively.

Other Expenditure comprises of various line items relating to the daily operations of the Municipality. Other expenditure have decreased by 27 percent in 2018/19 financial year when compared to the 2017/18 adjustment budget due to reclassification of other expenses in terms of MSCOA. For the outer years it has increase by 50 percent and 39 percent respectively due to anticipated INEP grant related expenses to be incurred in these years.



2.11. Free Basic Services: Electricity

FBE assists households that are indigent poor with 50 Kw of electricity each time they recharge. To receive free basic electricity, households are required to register in terms of the Impendle Municipal Indigent Policy. For the 2018/19 financial year, we have re-registered about 2900 applicants. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

2.12 Repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipal infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials for repairs. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

KZN224 Impendle - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Supporting Table 6.10: Repairs and Maintenance Expenditure by Asset Class										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		-	-	-	400	283	283	-	-	-
Roads Infrastructure		-	-	-	400	283	283	-	-	-
Roads					400	283	283			
<u>Community Assets</u>		-	-	-	-	-	-	84	89	94
Community Facilities		-	-	-	-	-	-	84	89	94
Halls								84	89	94
<u>Other assets</u>		400	-	-	-	130	130	297	314	331
Operational Buildings		400	-	-	-	130	130	297	314	331
Municipal Offices		400				130	130	297	314	331
Pay/Enquiry Points										
<u>Machinery and Equipment</u>		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
<u>Transport Assets</u>		-	-	-	100	100	100	53	55	59
Transport Assets					100	100	100	53	55	59
<u>Libraries</u>		-	-	-	-	-	-	-	-	-
Libraries										
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	400	-	-	500	513	513	434	458	483
R&M as a % of PPE		0,4%	0,0%	0,0%	0,4%	0,4%	0,4%	0,3%	0,7%	0,7%
R&M as % Operating Expenditure		0,8%	0,0%	0,0%	0,9%	0,9%	0,9%	0,8%	0,8%	0,8%

2.13. Budgeted Cash flow

Cash flow income was budgeted at prior trends and realistic anticipated revenue to be collected using different rates. Grants income was budgeted for at full amount. Cash flow for employee related costs was budgeted at full amount except for other operating expenditure which will be monitored very close as part of our cashflow management strategy.

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The net results of all total income less operational expenditure and capital expenditure is estimated to cash on hand of R2.9 million at year end.

KZN224 Impendle - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source															
Property rates	1 057	233	233	233	233	233	233	233	233	233	233	233	3 622	3 843	4 074
Service charges - electricity revenue															
Service charges - water revenue															
Service charges - sanitation revenue															
Service charges - refuse revenue	4	5	5	5	5	5	5	5	5	5	5	(9)	46	49	52
Service charges - other															
Rental of facilities and equipment	51	51	51	51	51	51	51	51	51	51	51	51	612	646	681
Interest earned - external investments	69	69	69	69	69	69	69	69	69	69	69	69	830	876	924
Interest earned - outstanding debtors															
Dividends received															
Fines, penalties and forfeits	4	4	4	4	4	4	4	4	4	4	4	4	44	47	50
Licences and permits	3	3	3	3	3	3	3	3	3	3	3	3	36	38	40
Agency services	4	4	4	4	4	4	4	4	4	4	4	4	53	55	59
Transfer receipts - operational	15 043				11 270				11 270				37 582	42 359	48 137
Other revenue	163	9	9	9	9	9	9	9	9	9	9	1 707	1 958	1 967	1 973
Cash Receipts by Source	16 398	378	378	378	11 648	378	378	378	11 648	378	378	2 062	44 783	49 879	55 989
Other Cash Flows by Source															
Transfer receipts - capital	3 857				3 857				3 857				11 572	11 719	12 124
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	20 255	378	378	378	15 505	378	378	378	15 505	378	378	2 062	56 355	61 598	68 113
Cash Payments by Type															
Employee related costs	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	1 763	26 957	27 203	28 655
Remuneration of councillors	211	211	211	211	211	211	211	211	211	211	211	232	2 553	2 706	2 869
Finance charges	8	8	8	8	8	8	8	8	8	8	8	8	92	27	
Bulk purchases - Electricity															
Bulk purchases - Water & Sewer															
Other materials															
Contracted services	390	390	390	390	390	390	390	390	390	390	390	1 096	5 386	5 116	5 265
Transfers and grants - other municipalities															
Transfers and grants - other	281	281	281	281	281	281	281	281	281	281	281	214	3 300	3 498	3 708
Other expenditure	489	489	489	489	489	489	489	489	489	489	489	993	6 375	9 542	13 229
Cash Payments by Type	3 669	3 669	3 669	3 669	3 669	3 669	3 669	3 669	3 669	3 669	3 669	4 306	44 664	48 092	53 726
Other Cash Flows/Payments by Type															
Capital assets	964	964	964	964	964	964	964	964	964	964	964	1 657	12 265	11 954	12 372
Repayment of borrowing												663	663	602	
Other Cash Flows/Payments															
Total Cash Payments by Type	4 633	4 633	4 633	4 633	4 633	4 633	4 633	4 633	4 633	4 633	4 633	6 626	57 591	60 649	66 098
NET INCREASE/(DECREASE) IN CASH HELD	15 622	(4 255)	(4 255)	(4 255)	10 872	(4 255)	(4 255)	(4 255)	10 872	(4 255)	(4 255)	(4 565)	(1 237)	950	2 015
Cash/cash equivalents at the monthly/year begin:	3 500	19 122	14 867	10 612	6 358	17 230	12 975	8 720	4 465	15 337	11 083	6 828	3 500	2 263	3 213
Cash/cash equivalents at the monthly/year end:	19 122	14 867	10 612	6 358	17 230	12 975	8 720	4 465	15 337	11 083	6 828	2 263	2 263	3 213	5 228

2.14. Draft budget plan and SDBIP plans internal-department

The annual budget and service delivery budget implementation plan were generated and would be attached.

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KZN224 Impendle - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Executive & Council										
Function 1 - Mayors Office										
Sub-function 1 - IGR										
<i>Intergovernmental relations</i>	Number of IGR reports	4	4	4	4	4	4	4	4	4
Sub-function 2 - Ward Committee										
<i>Ward committee reports</i>	Number of reports	12	12	12	12	12	12	12	12	12
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - Municipal Manager's Office										
Sub-function 1-Integrated Development										
<i>IDP/PMS public participation</i>	Number of IDP forums	4	4	4	4	4	4	4	4	4
<i>IDP annual review adoption by end of June</i>	Date	30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2017	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Sub-function 2 - Audit										
<i>Audit committee/ internal audit reports</i>	Number of reports	4	4	4	4	4	4	4	4	4
<i>Maintain unqualified audit report and obtain</i>	AG report	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Sub-function 3-Performance Management										
<i>Publication of PMS Indicators</i>	Date	15/07/2015	15/07/2015	15/07/2015	15/07/2015	15/07/2015	15/07/2015	15/07/2015	15/07/2015	15/07/2015
<i>Complete ILM annual performance report by 31</i>	Date	31/08/2015	31/08/2016	31/08/2017	31/08/2018	31/08/2018	31/08/2018	31/08/2019	31/08/2020	31/08/2021
Vote 2 - Budget & Treasury										
Function 1-Budget/Revenue/Expenditure										
Sub-function 1 - Budget										
<i>Annual budget before 31 May</i>	Date	30/05/2014	30/05/2015	30/05/2016	30/05/2017	30/05/2017	30/05/2017	30/05/2018	30/05/2019	30/05/2020
<i>Adjustments budget before 28 February</i>	Date	27/02/2015	27/02/2016	27/02/2017	28/02/2018	28/02/2018	28/02/2018	28/02/2019	28/02/2020	28/02/2021
Sub-function 2 - Revenue										
<i>Increase in revenue collection</i>	Percentage									
Back to Basics										
Sub-function 3 - Expenditure										
<i>Payment of creditors within 30 days</i>	Percentage	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Function 2 - Supply Chain										
Sub-function 1 - Supply Chain										
<i>Turnaround time for processing bids</i>	Number of days	90 days	90 days	90 days	90 days	90 days	90 days	90 days	90 days	90 days
<i>Meeting of SCM bid committees</i>	Number of days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days
Sub-function 2 - Treasury/Asset										
<i>General by deadline date</i>	Date	30/08/2015	30/08/2016	30/08/2017	30/08/2018	30/08/2018	30/08/2018	30/08/2019	30/08/2020	30/08/2021
<i>Submit S71 reports to National/Provincial</i>	Date	within 10	within 10	within 10	within 10	within 10	within 10	within 10	within 10	within 10
Sub-function 3 - Reporting										
<i>Insert measure/s description</i>		within legislated	within legislated	within legislated	within legislated	within legislated	within legislated	within legislated	within legislated	within legislated
Vote 3 - Infrastructure & Planning/Community &										
Function 1 - Infrastructure & Planning										
Sub-function 1 - Halls and Creches										
<i>Capital expenditure</i>	Percentage spending	99,0%	99,0%	99,0%	99,0%	99,0%	99,0%	100,0%	100,0%	100,0%
<i>Job creation</i>	Number of jobs created	43,0%	43,0%	43,0%	43,0%	43,0%	43,0%	10	10	10
Sub-function 2 - Roads										
<i>Capital expenditure</i>	Percentage spending	99,0%	99,0%	99,0%	99,0%	99,0%	99,0%	100,0%	100,0%	100,0%
<i>Job creation</i>	Number of jobs created	43,0%	43,0%	43,0%	43,0%	43,0%	43,0%	27	27	27
Sub-function 3 - Electricity reticulation										
<i>Capital expenditure</i>	Percentage spending	99,0%	99,0%	99,0%	99,0%	99,0%	99,0%	0,0%	0,0%	100,0%
Function 2 - Community & Corporate										
Sub-function 1 - Human resources										
<i>Filling of critical posts</i>	Percentage	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

2.15. Draft Budget and Services delivery agreements-Municipal entities and other external mechanisms

The municipality does not have the entities and no agreements were generated as a result.

2.16. Contract having future budgetary implication

The following table has contracts with future budgetary information. Note that these contracts are budgeted for in each year financial year because of other uncertainty like price escalation which some are negotiated each year.

Table 2.16.1. Contract having future budgetary implication

KZN224 Impendle - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Camelsa	Yrs	3	Financial system support & mSCOA		Financial system support
Nashua	Yrs	5	Photocopiers		charged per copy
Konica Minolta	Yrs	3	Photocopiers		charged per copy
Chubb	Yrs	3	Security		R2000/mth
Telkom	Yrs	3	Telecommunications		R 17000/mth
PayDay	Yrs	3	Payroll and HR		+ R160000/a
BI-Infrastructure	Yrs	3	Consultant to technical projects		14% of project value
Isaluleko Projects	Yrs	3	Project Management (PMU)		5% of MIG value

2.17. Capital expenditure

The following table provides a breakdown of capital expenditure for the 2018/19 by vote.

Table 2.17.1 Medium Term Capital Expenditure per vote

KZN224 Impendle - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Capital Expenditure - Functional											
Governance and administration		620	2 499	-	-	-	-	-	238	235	248
Executive and council		453	2 082						223	235	248
Finance and administration		167	417						15		
Internal audit											
Community and public safety		1 682	702	1 066	5 847	5 847	5 847	5 847	190	-	-
Community and social services		1 682	702						190		
Sport and recreation				1 066	5 847	5 847	5 847	5 847			
Public safety											
Housing											
Health											
Economic and environmental services		22 576	14 399	16 382	12 517	11 872	11 872	11 872	11 587	11 719	12 124
Planning and development		16 814	14 399		672	27	27	27	15		
Road transport		5 762		16 382	11 845	11 845	11 845	11 845	11 572	11 719	12 124
Environmental protection											
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources											
Water management											
Waste water management											
Waste management											
Other									250		
Total Capital Expenditure - Functional	3	24 879	17 600	17 448	18 364	17 719	17 719	17 719	12 265	11 954	12 372

In 2018/19 an amount of R11.5 million has been appropriated for Roads Infrastructure of which it represents 94 percent of the total capital budget. In the outer years this amount totals R11.7 million; and 12.2 million respectively. The remaining 6 percent of the capital budget will be utilized by Executive, Budget and

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Treasury, Corporate Services, and community Services. For details of the capital expenditure is found on supporting table SA34 Schedule.

LIST OF CAPITAL PROJECTS FOR 2018/19						
Number	Vote	Description	Funding	Amount '000	New/Existing	Ward
1	Infrastructure & Planning	Nzinga Hall	MIG	2 780,866	New	1
2	Infrastructure & Planning	Panikuku Gravel road	MIG	1 320,313	New	1
3	Infrastructure & Planning	Fikesuthi Hall	MIG	2 791,221	New	2
4	Infrastructure & Planning	Mapanekeni Gravel Road	MIG	1 400,000	New	3
5	Infrastructure & Planning	Forever Gravel road	MIG	1 301,000	New	3
6	Infrastructure & Planning	Press road	MIG	1 400,000	New	4
7	Infrastructure & Planning	PMU	MIG	578,600	New	4

TOTAL MIG	11 572,000
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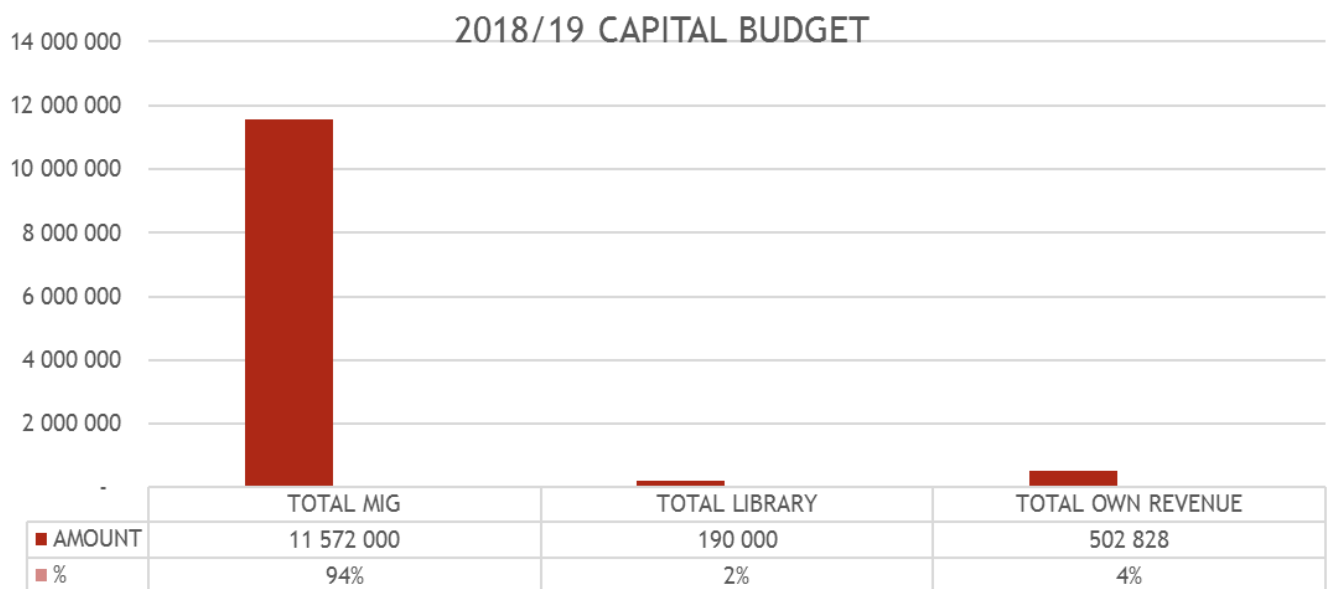
8	Furniture - Library	Furniture - Library	Library Grant	87,000	New	Admin
9	Equipment Library	Equipment Library	Library Grant	53,000	New	Admin
10	Computers - Library	Computers - Library	Library Grant	50,000	New	Admin

TOTAL LIBRARY	190,000
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11	Computers - Other	Computers - Other	Own Revenue	30,000	New	Admin
12	Infrastructure & Planning	Electrification	Own Revenue	250,000	New	3
13	Computer Software and Equipment	Computer Software and Equipment	Own Revenue	222,828	New	Admin

TOTAL OWN REVENUE	502,828
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TOTAL CAPITAL BUDGET	12 264,828
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2.18. Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 65 interns through this programme and a majority of them were appointed either in Impendle Municipality or other municipalities.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2018/19 MTREF in June 2018 directly aligned and informed by the 2018/19 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. An amendment of the Municipal Property Rates Regulations as published in was announced in Government Gazette 37922 on 18 August 2014.

The SCM policy was also amended to incorporate all supply chain management reforms as advised by National Treasury e.g. Central Data Base amended PPPFA . The ratios as prescribed in the Regulations have been complied with.

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

2.19. ANNUAL BUDGET & REVENUE RELATED POLICIES AND PROCEDURES

The following policies were presented to council for review on 30th May 2017 where council took a resolution and approved the financial policies which are as follows:

- Assets Management Policy_V3.1
- Asset Management Procedures V1.1

- Credit Control and Debt Collection Policy_V3.1
- Indigent Policy_V3.1
- Banking and Investment Policy_V3.1
- Supply Chain Management Policy_V3.1
- Tariff Policy_V3.1
- Subsistence and Travelling_V3.1
- Budget Policy_V3.1
- Anti-Corruption Policy_V3.1
- Petty Cash Policy_V3.1
- IT Policy_V3.1
- Accounting Policy_V3.1
- Rates Policy_V3.1
- Rates By-Laws_V3.1
- Write-Off's Policy_V3.1
- Virement Policy_V3.1
- Travel Allowance Policy_V3.1

2.20 COST CONTAINMENT MEASURES

In line with budget Circular 82 and noting the tightness of the budget, the cash flow position is being monitored closely but the municipality needs to exercise more control when implementing this budget. Monitoring the budget effectively and efficiently and procuring goods and services as budgeted could lead to a positive cashflow position.

With the implementation of MSCOA which calls for only spending on budgeted items, budget management will improve.

2.21. Other Supporting documents

Other supporting documents will be attached as annexures.

2.20. Budget of Municipal entities attached to the municipal annual budget

The Municipality has no entity hence no supporting attachment will be made for entity.

2.22. Municipal Standard Chart of Accounts (MSCOA)

National Treasury has promulgated the Municipal Standard Chart of Account (SCOA) which has been effective from 1 July 2017. Impendle Local Municipality has successfully implemented these new business processes, besides the challenges experienced since July 2017. The system vendor has been assisting the municipality to ensure that municipality complies with MSCOA in terms of all reports that must now be submitted to MSCOA portal. As at the end of May 2018, all reports have been uploaded to the portal and positively validated.

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IMPENDLE LOCAL MUNICIPALITY

QUALITY CERTIFICATE

I, Vusi o Kunene, the Municipal Manager of Impendle Local Council, hereby certify that the:

- Annual Budget for the 2018/19 – 2020/21 MTERF

has been prepared in accordance with the Municipal Finance Management Act and the regulations (MBRR) made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: _____

Municipal manager of IMPENDLE Local Municipality (KZN224)

Signature _____

Date _____